**State of California**

EMPLOYMENT TRAINING PANEL

# M e m o r a n d u m

To:        Panel Members                         Date:        August 27, 2004

From:      Diana Torres, Manager                 Analyst:     S.M. Godin

Subject:   ONE-STEP AGREEMENT FOR **BEST SOFTWARE, INC.**

## CONTRACTOR:

- Training Project Profile:          Retraining: Companies W/Out-Of-State Competition

- Legislative Priorities:            Stimulating Exports/Imports, Moving To A High Performance Workplace, Promotion Of California's Manufacturing Workforce

- Type of Industry:                  Manufacturing

- Repeat Contractor:                 No

- Contractor's Full-Time Employees

  ➤ *Worldwide:*   8,000

  ➤ *In California*:   609

- ETP Trainees Represented by Union:   No

- Name and Local Number of Union Representing ETP Trainees:   N/A

## CONTRACT:

- Program Costs:                     $440,648

- Substantial Contribution:          $0

- Total ETP Funding:                 $440,648

- Total In-kind Contribution:        $504,000

  ➤ *Trainee Wages Paid During Training:*   $504,000

  ➤ *Other Contributions:*   $0

- Reimbursement Method:              Fixed-Fee

- County(ies) Served:                Alameda, Orange, Placer, and Sonoma

ET05-0166
ETP130AgrSingle-0704

## INTRODUCTION:

Founded in 1982 and acquired by the Sage Group in 1998, Best Software, Inc. produces accounting and enterprise software for small and mid-sized businesses. The proposed Contractor is eligible to provide ETP training under Title 22, California Code of Regulations (CCR), Section 4416(a)(3), (4) as a company providing integrated software development, production, distribution, customer service and related internal services to its customers outside of California. Best Software requests ETP funding to train 446 of its California workers in the skills necessary to remain competitive in its global market.

## MEETING ETP GOALS AND OBJECTIVES:

Best Software, Inc. (BSI) proposes training that will further the following ETP goals and objectives:

1.  This project meets ETP's mandate to foster job retention in the technology industry where BSI faces strong competition from companies outside of California.

2.  The training is targeted to meet ETP's mandate to develop the skills of frontline workers.

3.  Training is designed to enhance the job skills of frontline workers in California to prepare them for working in a high performance workplace.

## TRAINING PLAN TABLE:

| Grp/Trainee Type | Types Of Training | No. Retain | No. Class/Lab Videocnf. Hrs. | No. CBT Hrs. | Cost Per Trainee | Hourly Wage After 90 Days |
|---|---|---|---|---|---|---|
| Job 1 - Retrainee | **MENU**<br><br>Advanced Technology<br><br>Business Skills<br><br>Computer Skills<br><br>Continuous Improvement<br><br>Management Skills | 446 | 24 - 200 | 0 | $988 | $12.17 - $52.65 |
| | | | | | **Prevalent Hourly Wage**<br><br>$25.67 | |
| | | | | | **Average Cost Per Trainee**<br><br>$988 | |

| Health Benefits Used To Meet ETP Minimum Wage: | Turnover Rate | % Of Mgrs & Supervisors To Be Trained: |
|---|---|---|
| Although the company pays health benefits for trainees, the hourly contribution is not being used to meet ETP minimum wage requirements. | 9% | 17.3% |

| **Other Employee Benefits:** |
|---|
| In addition to providing medical, dental, and vision coverage, Best Software offers paid vacation time, 529 college savings plan, 401(k) retirement plan, tuition reimbursement, flexible spending accounts, life insurance, and short and long term disability insurance plans. |

## COMMENTS / ISSUES:

### *Frontline Workers*
All participants in this project meet the Panel definition of frontline workers under Title 22 CCR, Section 4400(ee) except for 77 managers/supervisors.

### *Production during Training*
The proposed Contractor agrees that during ETP-funded training hours, trainees will not produce products or provide services which will ultimately be sold.

### *Advanced Technology Reimbursement Rate*
BSI is requesting Advanced Technology reimbursement for training staff in new and emerging software technologies and design methodologies in order to keep pace with evolving industry standards. This training is designed to increase the productivity of trainees in high technology occupations such as software architects, network engineers, technical writers, and research and development personnel. The Contractor reports that this type of training, provided by both vendor-certified instructors and in-house trainers, will cost from $60.00 to $70.00 per trainee hour. In addition, due to the complex nature of the material, training must be given in several small classes with 10 trainees or less, thereby adding to the expense.

### *High Training Costs*
Reimbursement for 4 of BSI's 446 proposed trainees (less than 1 percent of the total trainee population) is more than double the ETP average cost per trainee ($3,078). These trainees will receive 160 – 200 hours of Advanced Technology training which is reimbursed at $20.00 per hour ($3,200 - $4,000). The high cost of training is driven by the high number of training hours needed to obtain the Advanced Technology skills. This proposed number of hours will allow these employees to receive supplemental training in various information technology disciplines such as software application design, software architect skills, network administration skills, and database analysis. Job occupations receiving these training hours include Software Architect, Network Engineer, Technical Writer and Research and Development Person.

## PROPOSED ACTION:

Staff recommends that the Panel:

- Approve the use of the Advanced Technology reimbursement rate for a portion of the training;
- Approve high training costs ($3,200 - $4,000) for 4 of the 446 trainees; and
- Approve this Agreement if funding is available and the project meets the Panel priorities.

## NARRATIVE:

Headquartered in Irvine, BSI has a combined workforce of over two thousand workers, of which 609 are located in California.  The company manufactures and provides support services for automated business management software solutions such as accounting software packages, human and payroll resource systems, fixed asset management programs, customer relationship management, warehouse management, and manufacturing and e-commerce software.  BSI operates its business through two segments.  The Small Business Division delivers management and accounting solutions for companies with 1 - 25 employees.  The Mid Market Division provides accounting solutions, customer relationship management, and other specialized business solutions for companies ranging in size from 25 – 500 workers.

Company representatives state that Microsoft has become its largest competitor.  In addition, many of BSI's other customers use Microsoft-based operating systems, making it necessary to continually develop and upgrade software compatible with other Microsoft products. To stay abreast of rapid technology developments and constantly changing customer requirements, BSI must deliver a new or substantially upgraded product to the marketplace at least every six months while offering innovative, customized solutions to meet the unique needs of today's more complex network technologies.

To maintain its competitive edge, BSI reports that it must adapt to a high performance workplace (HPW) by implementing a standardized, quality improvement program that involves its entire workforce in producing the highest quality software solutions for its customers.  To achieve this objective, the company reorganized its corporate structure by re-aligning its customer service, sales, and technical support employees around customer industry clusters (teams), thereby developing a workforce trained to understand the specific requirements of a discrete industry.  With the assistance of ETP, BSI will provide a 24 to 200 hour menu curriculum consisting of Continuous Improvement, Business, Computer and Management Skills, and Advanced Technology for 446 of its employees.

**Business Skills** training will include topics such as communication and customer service and skills, project management, business performance, sales skills, product knowledge, and accounting and financial processes.  These skills will equip employees with the tools to streamline processes, build and maintain relationships with customers, and prepare budgets to boost operating efficiency.

**Computer Skills** training including Microsoft office, application troubleshooting, project management software, database skills, and web communications will provide employees with the tools to use the latest technology to achieve productivity goals.

**Continuous Improvement** skills training will foster an environment of teamwork and empower retrainees with the decision-making skills that will allow them to positively impact the way they design and sell software products.  Training will include coursework in teambuilding, problem solving, process improvement and quality assurance, reacting to change, and project management in order for all employees to develop the best quality products in a predictable and efficient manner.

## NARRATIVE:  (continued)

**Advanced Technology** will focus on application design, programming languages, software engineering, network administration and architect skills, database analysis and new technology platforms.  These skills are critical to BSI's ability to develop new, innovative products and service the complex information technology needs of the organization and its clients.

Lastly, **Management Skills** topics will be delivered to the company's managers and supervisors (17 percent of the trainee population) included in the ETP training plan. Training topics such as leadership skills, managing teams, setting and achieving goals, leading change, conflict resolution, and effective coaching/mentoring will equip the management team with the needed skills to support and lead the frontline workforce as BSI learns to function in its reconfigured teams.

### *Supplemental Nature of Training*

State law requires that ETP funds be used to supplement, rather than displace, funds available through existing programs conducted by employers and government-funded programs.  Company representatives state that all of the training proposed for this ETP Agreement is new instruction never before offered to those trainees to be enrolled.

BSI currently provides on-going training to its employees in basic telephone skills; beginning Windows, Outlook, Access and Excel; new hire orientation; anti-harassment policy training; and job specific self-study training on existing products.

The company further states that it delivers training to its supervisors and managers on employment law, performance management, performance appraisal and documentation and interviewing skills.  BSI also plans to provide a "Future Leaders' Program" designed to develop highly qualified individuals for future leadership opportunities within the company. This training will combine education, mentoring and on-the-job training.  All of the above mentioned training will continue to be delivered at BSI's expense.

## SUBCONTRACTORS:

- Training Funding Partners (Irvine, California) for an amount not to exceed $22,032 for project administration.
- Additional subcontractors for training are yet to be determined.

## THIRD PARTY SERVICES:

Training Funding Partners assisted in the design of the training program and completion of the ETP application for a flat fee of $25,000.

## <u>BEST SOFTWARE, INC.</u>

## <u>MENU CURRICULUM</u>

**<u>Job 1</u>**
**Class/Lab:**                    **24 - 200**

*Trainees will receive any of the following types of training:*

### <u>Advanced Technology Skills</u>
- Web Tracking Database System
- Analyzing Web Statistics/Database Analysis
- Web Development Certification
- Software Languages
- Database/Network Technician/Administration Skills
- Certified Network Professional/Administrator
- Telecommunications Engineering Skills
- Data file Structures
- Master Developer 4.0 / FrameMaker
- Advanced Crystal Reports/Crystal Decisions
- Computer Design Techniques/Patterns
- Advanced.net
- New Microsoft Technologies/Updated Platform Technologies
- Programming Standards and Codes
- Software Architect Skills/Software Product Development/Design Tools

### <u>Business Skills</u>
- Communication Skills/Styles/Handling Difficult Customers
- Effective Speaking Skills/Presentation Skills
- Customer Service Strategies/Customers for Life/Technical Customer Support Skills
- Customer Business Types/Customer Markets
- Mapping Customer Needs to Product Solutions
- Competitor Products and Services
- Human Resource Professional Toolkit
- Business Writing Skills/Documentation Skills/Help Tools
- Understanding General Ledger and Accounting Practices
- Business Analysis Skills
- Sales Tax Systems and Use
- Risk Management Skills/Advanced Finance/Treasury/Accounting Concepts
- New/Upgraded Product Implementation Skills
- Advanced Instructional Design Skills
- Instructional Methods
- Solutions Selling/Negotiation Skills
- Project Management Skills

**Computer Skills**
- Intermediate Access, Word, Excel, PowerPoint, Skills
- Expert Level Excel and Word Skills
- Project Management Software Tools
- New and Updated Software Products/Systems
- General Application Troubleshooting/Testing/Help Desk Skills
- Understanding Data File Basics
- Basic Crystal Reports

**Continuous Improvement Skills**
- Workplace Effectiveness
- Time Management Skills / Effective Meetings
- Problem Solving Skills / Teamwork
- Reacting to Change
- Business Process Improvement
- Quality Assurance Techniques

**Management Skills**
- Setting and Achieving Goals/Strategies/Objectives
- Managing Teams in a Virtual Environment
- Accountability Training / Leadership Skills
- Effective Coaching/Mentoring Skills
- Managing through Challenge and Change/Conflict